Economic Impact Study of the Minnesota Compost Industry

The Minnesota Composting Council's Mission: The MNCC is dedicated to the development, expansion, and promotion of the composting industry based upon sound science, principles of sustainability, and economic viability.

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Published December 2018

About Us

The Minnesota Composting Council (MNCC) received its non-profit status from the State of Minnesota in January 2013 and became an official US Composting Council State Chapter in December 2013.

Mission

The MNCC is dedicated to the development, expansion, and promotion of the composting industry based upon sound science, principles of sustainability, and economic viability. The organization will achieve its mission by:

- Encouraging and guiding research,
- Promoting best management practices,
- Establishing standards,
- Educating professionals and the public, and
- Enhancing product quality and markets

MNCC members envision that composters, generators of organic residues, policy-makers, regulators, professionals, and consumers will pursue this mission.

Purpose of Study

The purpose of this study was to update the initial study conducted in 2014 which gathered 2013 data on the Minnesota compost industry. The questions in the 2018 survey mirrored the 2013 questions with only minor changes based on the results of the 2013 survey.

The initial study, and this study, was sent to all permitted yard waste and solid waste compost facilities in the State and collected financial information, types and quantity of materials composted and markets for finished products.

The purpose of this survey was to quantify the economic impact and economic growth potential of Minnesota's composting industry. In addition, the 2017 information was compared to the 2013 survey to evaluate whether there was growth in the composting industry in the years between the two surveys.

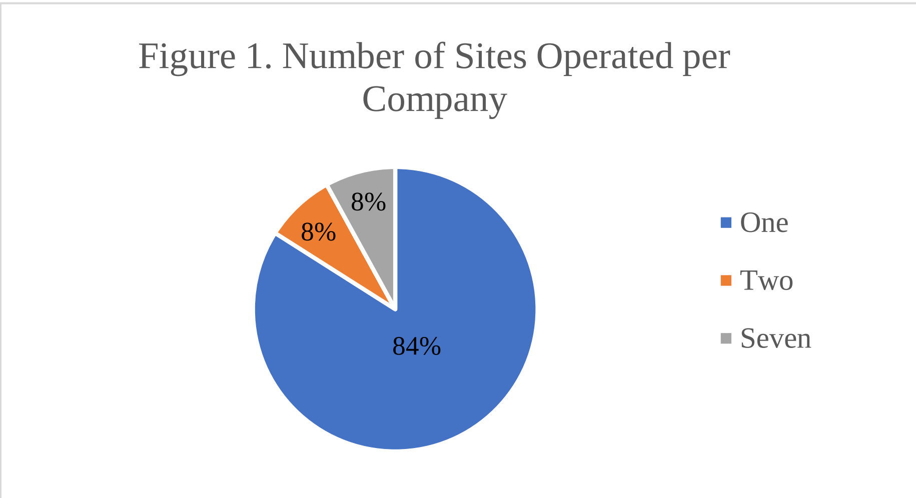
Study Method

An electronic link to the survey described above was distributed to composters via email and data was collected from March 21, 2018 to July 31, 2018. The data gathered in the 2018 survey is representative of the 2017 composting year. The survey was distributed to 150 Minnesota permitted compost facilities. Some organizations own and operate multiple facilities, so there were 126 potential respondents. Of these, 115 were permitted yard waste only facilities and 11 were yard waste and source separated organics facilities. 25 responded, resulting in a 20% response rate. Given the size of the response, the MNCC finds that extrapolations and assumptions about the entire composting industry in Minnesota can be made with relative certainty.

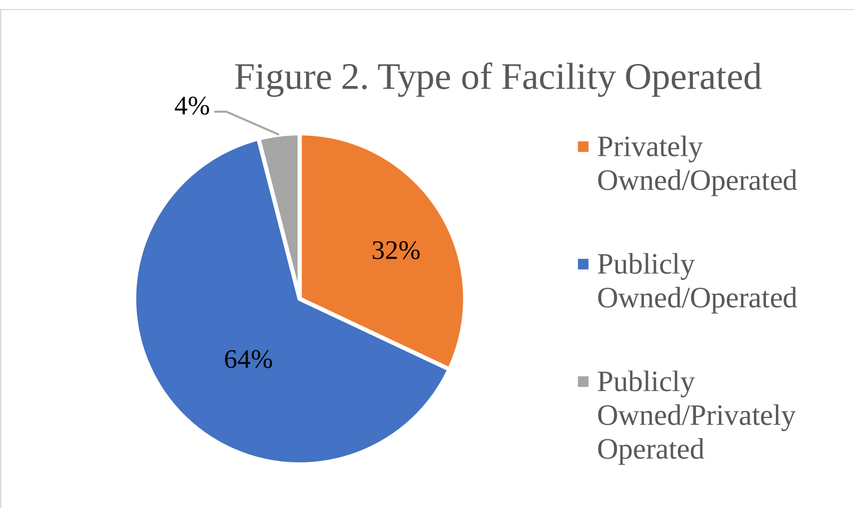
Results

Site Operation Information

In 2017, compost sites in Minnesota covered roughly 1,667 total acres. Of that, 145 acres were used to process source separated organic materials and 1,522 acres were used to process yard waste only. Of the businesses surveyed, 21 operated just one site each (84%), two businesses operated two sites each (8%) and two businesses operated seven sites each (8%) (Figure 1).

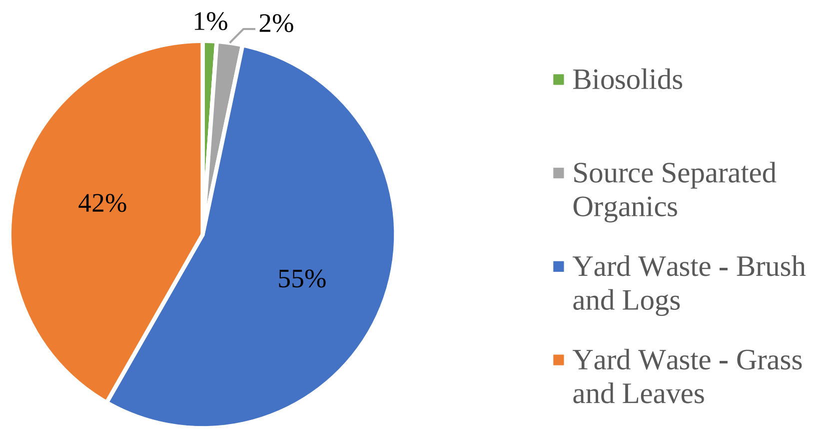


Compost sites in Minnesota fall under three categories of ownership, the most common being Publicly Owned/Operated sites (64%), the second being Privately Owned/Operated sites (32%), and the least common being Publicly Owned/Privately Operated sites (4%) (Figure 2).



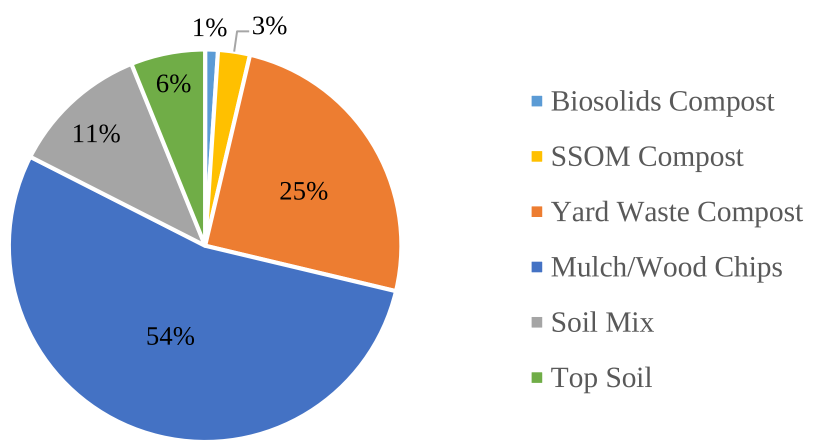
By extrapolating data from the survey respondents, the total volume of organics processed in the state during 2017 was estimated at 6,088,320 yards^3. Of these materials, 2,520,000 yards^3 were processed by the private sector and 3,568,320 yards^3 were processed by the public sector. Yard Waste – Brush and Logs comprised the majority of this material (55%), Yard Waste – Grass and Leaves were the second most commonly accepted feedstock (42%), Source Separated Organic Materials were the third (2%), and Biosolids were the least common (1%) (Figure 3).

Figure 3. Incoming Feedstocks Accepted



Using the same extrapolation methods as the previous analysis, the total volume of organics products manufactured in the state during 2017 was estimated at 2,877,840 yards^3. Of these materials, 1,582,560 yards^3 were manufactured by the private sector and 1,295,280 yards^3 were manufactured by the public sector. The breakdown of products produced by the compost industry were Mulch/Woodchips (54%), Yard Waste Compost (25%), Soil Mix (11%), Top Soil (6%), SSOM Compost (3%), and Biosolids Compost (1%) (Figure 4).

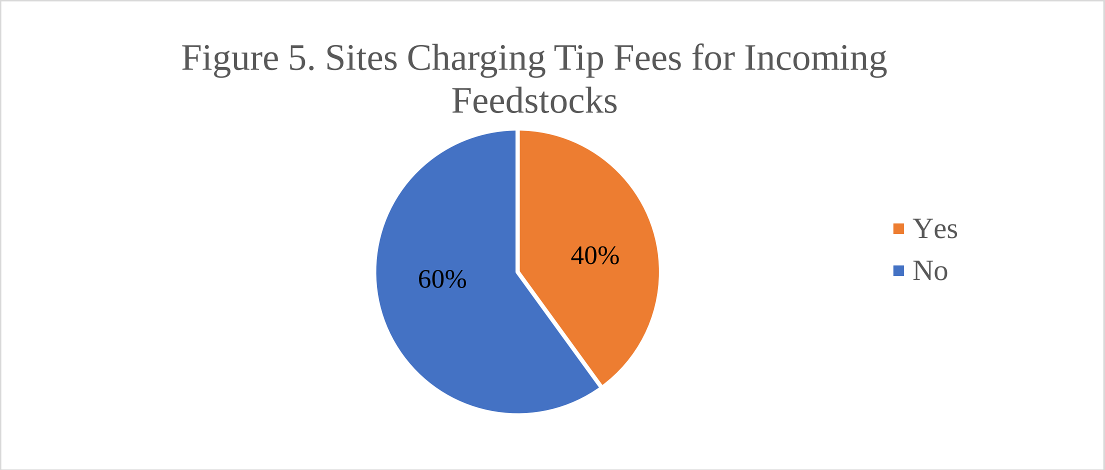
Figure 4. Products Manufactured

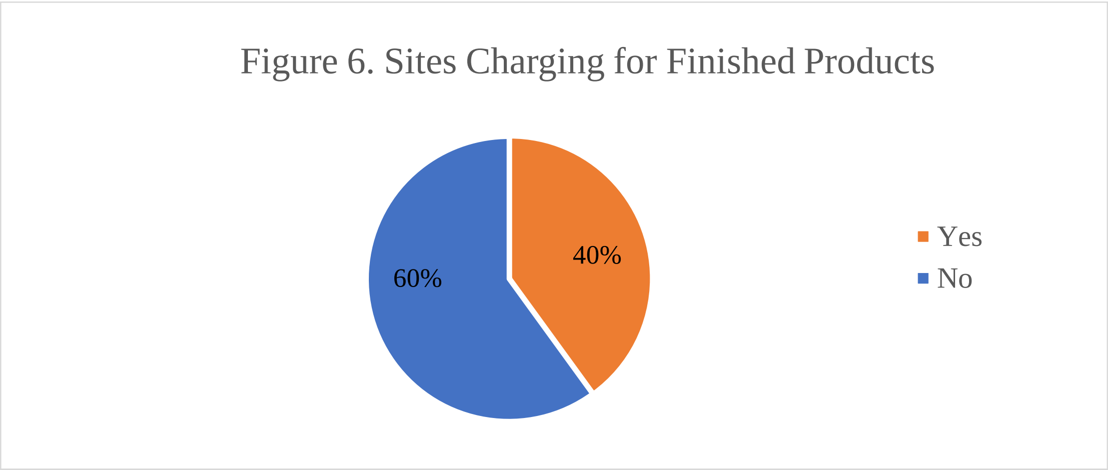


Site Financial Information

Of the survey respondents, the number of sites charging a tipping fee for incoming feedstocks was equal to the number of sites charging for finished products. Forty percent of sites charged a fee while 60% did not

(Figure 5, Figure 6). Of the sites who charged a tipping fee and for finished product, 80% were private facilities and 20% were public facilities. Of those who did not charge, 100% were public facilities for both categories.

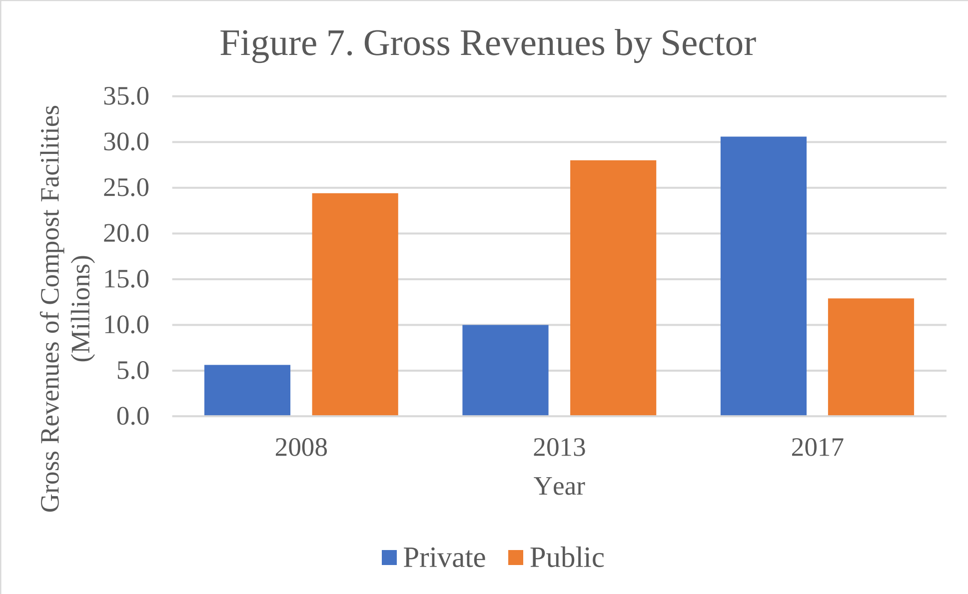




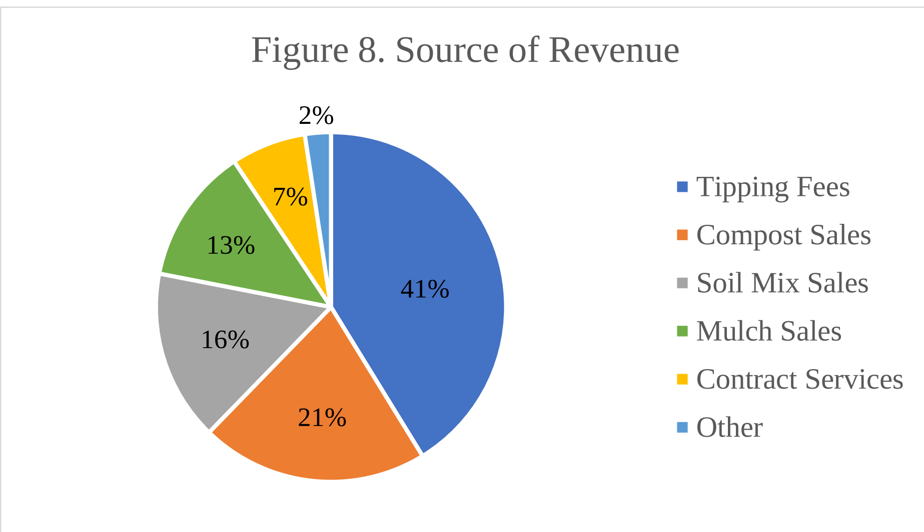
In 2008, the compost industry in Minnesota grossed a total of $30 million, $5.6 million of which was generated by private sector and $24.4 million by the public sector.

In 2013, both sectors grossed higher revenues than the previous survey year, totaling $38 million. The private sector grossed $10 million and the public sector grossed $28 million.

In 2017, the total gross revenue of the compost industry increased by 14% since 2013, reaching an estimated $43.5 million. The increase was due to a 206% jump in revenue in the private sector, grossing $30.6 million, accompanied by a 54% decrease in the public sector which grossed $12.9 million (Figure 7).

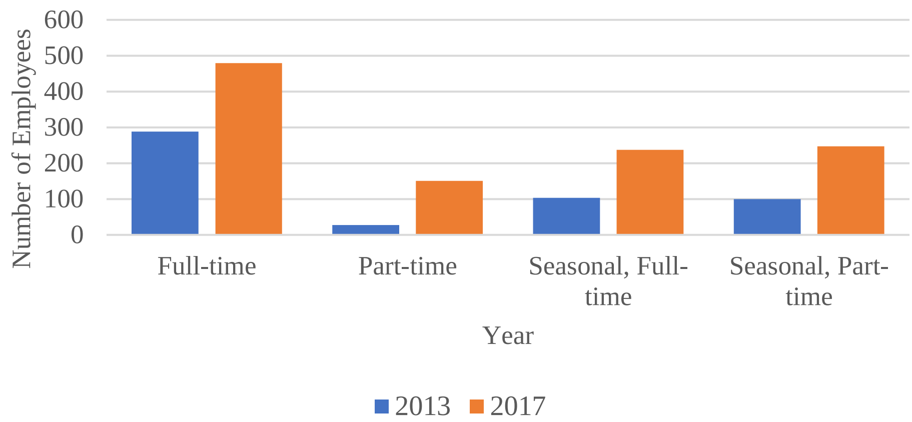


Businesses were also surveyed about the source of their income in 2017 and asked to indicate what percentage of their income came from each category. Income sources were broken down into six categories: Tipping Fees (41%), Compost Sales (21%), Soil Mix Sales (16%), Mulch Sales (13%), Contract Services (7%), and Other (2%). Other category items include delivery fees and other product sales (Figure 8).



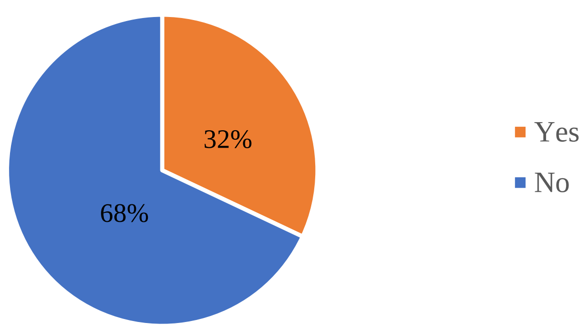
Based off extrapolations from the 2017 survey, the industry is estimated to have employed 479 Full-time Employees, 151 Part-time Employees, 237 Seasonal, Full-time Employees, and 247 Seasonal, Part-time Employees. This is a total of 1,114 employees and an overall increase of 115% since 2013 (Figure 9).

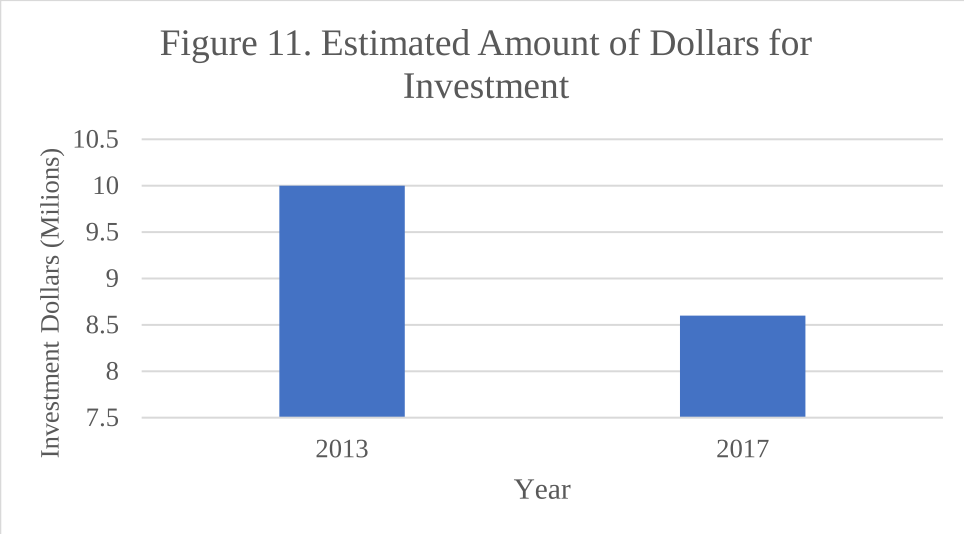
Figure 9. Compost Industry Employment Data



The final piece of information examined in this study was plans for capital investments such as site improvements and new equipment in 2018. Of those surveyed, 68% indicated that they did not plan to make any capital investments in 2018 and 32% indicated that they did (Figure 10). The total amount of money estimated for investment was $8.6 million. This is a decrease of 14% from 2013 (Figure 11).

Figure 10. Sites Planning on Capital Investments in 2018





Conclusions

Overall, the compost industry is vibrant and growing in Minnesota. This is especially evident through the private sector's large jump in gross revenue and the overall increase in employees and payroll over the past five years. Extrapolated data from 2013 to 2017 resulted in a 67% increase in total payroll, increasing from $10 million to $16 million over the three years. That said, there are still a couple areas where growth has lessened, such as the public sector's revenue and overall capital investment plans. These may be due to typical fluctuations in the industry but are worth keeping an eye on over the next few years. Regardless, the compost industry continues to provide jobs and economic opportunities for Minnesotans.